after excluding windfalls. Now, if you will look at the estimated income and expenditure during the last three years, you will find that they approximated very closely to one another. But in the matter of the revenue actually realised, what each year was taken to be a seventh wave, can now be reasonably looked upon as an established higher level. Therefore, for the current year, after applying the mechanical aid mentioned, we have budgetted for a revenue of nearly Rs. 240 lakhs. Turning to the other side of the picture, we have neither curtailed our expenditure nor left it standing still. The increase of expenditure in 1103 over that of 1101 was Rs. 20 lakhs; and if we take this year's estimates into account the expenditure out of revenue has risen by Rs. 36 lakhs in four years. But the position can hardly be judged in terms of revenue alone. There is considerable capital expenditure in addition on projects either approaching completion in the current year or on which considerable progress has been made. For instance, there is in the 1104 budget, provision for Rs. 15·38 lakhs for railways, Rs. 10 lakhs for water works, Rs. 3·44 lakhs for electric supply, Rs. 6 lakhs for bridging the Neendakara bar —a total of Rs. 34·82 lakhs. The true position will be understood by a comparison of the opening and closing balances of the Government account at the end of the year. In the year 1103 the Government account opened with a balance of Rs. 136·5 lakhs and closed with a balance of Rs. 163·6 lakhs. The year 1104 opened with a balance of Rs. 163·6 lakhs and it is expected to close with a balance of Rs. 130 lakhs. All this capital expenditure in reality comes out of the accumulated surpluses. There is another aspect of the question too. We cannot be expected to spend money upon schemes which are not yet ready for execution : but we can put by for them.

The General Financial Position.

4. I am sure you will wish to know the general financial position of the State. Under the present system of taxation we may count upon a stable annual income of Rs. 245 lakhs from all sources and out of this we may safely spend Rs. 240 lakhs a year. That is my forecast for the next three years. Apart from the year's revenue and expenditure transactions, the State's general assets which stood at Rs. 221·8 lakhs at the beginning of 1103 rose to Rs 258·4 lakhs at the close of the year 1103. We expect it to be about Rs. 225 lakhs at the close of 1104.

Lands for Landless Classes.

5. Efforts to provide land for the landless classes were continued during the year under review. A total area of 16,026 acres of Government land have been set apart for them. Persons of these classes were settled on 2,079 acres from this earmarked area during the year and a further extent of 1,980 acres outside the ear-marked area was registered in their names. Of these 4,059 acres, 2,568 acres or 63 per cent were registered in the names of Pulayas who are the actual tillers of the soil. There are difficulties in

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the way of permanently establishing these people as peasant cultivators. In olden times these men were attached to the land as field labourers cared for by the landlords who provided for them in kind. When land is now registered in their names, they find it difficult to realise that it is their own property and it takes very little inducement for them to part with it for what in their eyes is a very large sum of money. It has therefore been laid down that land so registered is inalienable without the previous sanction of the Government and resumptions because of alienation have been necessary. Leaders of these communities have suggested to me that outright registration with ownership rights may be replaced by a system of long-term leaseholds. This suggestion is being examined.

Salt.

6. In my address last year I expressed a hope that the whole of the salt consumed in the State might be produced in the State. In 1103, the total amount of salt consumed in the State was 1,181,124 maunds, roughly twenty-one pounds per head of the present estimated population. Home-manufactured salt rose from 678,380 maunds in 1102 to 987,515 maunds in 1103, the yield per acre of salt pans within the State increasing from 1,934 maunds to 2,993 maunds. This increase both in yield per acre and in total production was due to a partial failure of the monsoon in South Travancore resulting in more dry days when evaporation was possible. Thus, what was an unfavourable season for agriculture was a favourable season for salt manufacture.

Trade.

7. As I have just said, cultivation in South Travancore more particularly paddy cultivation, suffered through a shortage of rain ; and larger imports of paddy and rice from outside became necessary. In other respects, trade conditions were generally favourable. The total value of external trade which was Rs. 16·21 crores in 1101 rose to Rs. 17·57 crores in 1102 and reached Rs. 20·08 crores in 1103. The percentage of exports to the total external trade was 63 in 1101 ; it rose to 65 in 1102, and fell to 59 in 1103. The percentage of imports to the total external trade was 37 in 1101, 35 in 1102 and rose sharply to 41 in 1103. Seaborne trade represented 31 per cent of the total external trade. 39 per cent of the trade was carried by backwater, 20 per cent by road and 10 per cent by railway. The distribution of imports in value among the population according to the census of 1921 was Rs. 20·6 per head and of exports Rs 29·5 per head. The balance of trade in favour of the State was thus Rs. 8·9 per head. On the present estimated population of 4,400,000, these figures would respectively be Rs. 18·7, Rs. 26·8 and Rs. 8·1. The value of exports of the produce of the cocoanut palm, both raw and manufactured, amounted in 1102 to Rs. 387 lakhs and in 1103 to Rs. 369 lakhs. The pepper exported fell from 43,184 candies* in 1102 to 34,124 candies in 1103 ; but although there was this decrease in quantity,

* Candy = 500 lbs.

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